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Approved For Release 2004/03/18 : CIA-RDP64B00346R000100250006-2

DEPARTMENT OF STATE
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NO: CW-2259 April 16, 1962

SUBJECT: Rubber Disposal Program

REF:

TO: BANGKOK, COLOMBO, DJAKARTA, KUALA LUMPUR, LAGOS, LONDON, MONROVIA, PHNOM PENH, SAIGON, SINGAPORE

There are transmitted herewith three copies of a report on the Surplus Rubber Disposal Program, prepared by the Foreign Operations and Monetary Affairs Subcommittee of the House Committee on Government Operations. The Subcommittee, under the chairmanship of Representative Porter Hardy, Jr. has recently held hearings on this subject and the Report includes the resulting findings, conclusions and recommendations. As the posts are aware, Chairman Hardy has for some time been critical of the rubber disposal program and the role which the State Department has played in it.

It is important that the posts be familiar with the contents of this Report. It would be useful if foreign officials concerned with rubber problems had access to the Report and were familiar with the views expressed. The Embassies should therefore make one or more copies of the Report available to appropriate government officials, and the Consulate General in Singapore may make appropriate use of it in its discretion.

Although the Report devotes little attention to the concern which the United States Government has for the interests of friendly foreign countries heavily dependent on their exports of natural rubber, foreign officials may be assured that the State Department in its testimony before Congressman Hardy's Subcommittee did emphasize this aspect of the matter.

Further, although the policy of the State Department and the Executive Branch of the Government as a whole with regard to disposal of excess rubber from the stockpile remains unchanged at this time, it would be well to let foreign officials know that the enclosed Report of the Hardy Subcommittee has been widely circulated and that a number of members of the Congress and others have apparently been impressed by it. Other stockpile investigations are now in progress. The State Department will continue to express its views on this subject as effectively as possible, though it is obviously unable to give assurances that it will be successful in

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State Department review completed

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persuading others to adopt the same views.

The following is for action by the Embassies, and for information only in the case of Singapore:

These and other related matters could be discussed with representatives of the principal rubber growing countries, if they should wish it, following the conclusion of the Sixteenth Meeting of the International Rubber Study Group, scheduled to be held in Washington from May 28 until approximately June 6, 1962. The exact date of termination of the Rubber Study Group meeting will not be known in advance, but if some of the governments wish to have their representatives stay over in Washington until the next day, the United States officials will be glad to meet with them for an informal discussion of the same general nature as the meeting held in Washington on December 19 and 20, 1961.

RUSK

Enclosure:

House Report 1550 -- 3 copies to each post